

ORM 2014 Claims Management and Loss Prevention Services RFP
Addendum 4
Questions and Responses

Additional questions and responses will be posted as soon as possible.

1. How many agency level users have login access to the current TPA's claims system for downloading reports, doing read-only lookups, or reporting new claims?

921.

2. If the contract is to include fee for all services above, please provide the following:

- a. Medical Case Management:
 - i. How many referrals per year?
 - ii. How many hours per year?

Medical Case Management will not be included in the Service Fee. We cannot provide the information exactly as you requested it. However, since September of 2010, when FARA took over our Workers' Compensation claims, Medical Case Management has been engaged on 2728 files. MCM is currently engaged on 149 open files.

- b. Pre-Certifications – How many per year?

Our data does not differentiate UR and Precertification. The combined numbers are as follows:

*FY 11-12 – 3444
FY 12-13 – 3986
FY 13-14 – 4022
FY 14-15 to date - 1731*

- c. Utilization Review – How many per year

See question 2b.

- d. Vocational Rehabilitation – How many per year?

Vocational Rehabilitation will not be included in the Service Fee. Assignments are as follows:

*FY 11-12 – 114
FY 12-13 – 129
FY 13-14 – 98
FY 14-15 to date - 68*

e. Second Injury Fund Recovery – How many per year?

Second Injury Fund Recoveries are included in Recovery Fees and are based on the amount recovered. However, the counts are as follows:

FY 11-12 – 244

FY 12-13 – 467

FY 13-14 – 354

FY 14-15 to date - 193

3. Page 5, Item 1.2.6, Technology/LaGov. Is this system used as the repository for the appraisal completed on the state's property exposures?

Only selected data from the appraisals is stored in LaGov. The details are maintained in Marshall and Swift (M&S), and a copy of the report from M&S is uploaded to iAuditExpert.

4. Page 6, 1.2.14, Planned Operational Changes. Please provide additional insight into this operational change. Specifically, please explain in detail what is entailed in "...issu(ing) professional services contracts for each appointment of outside counsel and for each expert witness." As noted in Section 1.2.9, Louisiana State Attorney General's (AG's) Office, the state current contracts with 140 law firms. Is it the state's intention for the TPA will enter into two-party contracts with these providers? If this is indeed the intent then how will this relationship be addressed in the two-party contract between the state and the TPA?

ORM's intent is to eliminate the paperwork and delays associated with processing contracts. The successful proposer will manage the relationships with the attorneys and experts as they see fit. However, the AG will retain the authority to appoint outside counsel, ORM will retain the right to concur on those appointments, and ORM fee schedules will be adhered to. Fees paid to outside attorneys and experts will be funded by the state and paid as an expense.

5. Page 7, Section 1.2.14, Planned Operational Changes/Migration from CS STARS. By what date does the state foresee the completion of the migration to the TPA's database?

July 1, 2015, but this could be extended if necessary.

6. Page 7, Section 1.3 Scope of Work. Paragraph 1. Please define the scope of the reporting responsibilities to FEMA? Can you provide a sample report?

There are no formal reports for that purpose. Data from eligible claims and payments is downloaded from iCE using generalized exports and incorporated into spreadsheets by ORM staff before submission to FEMA.

7. Page 31, Item 6.3, Cost Adjustments. Please define what comprises a "...significant change in the services required under this contract." Historically, has this material change provision been invoked with your current TPA?

State Government has changed significantly in recent years as services have been privatized and some entities have been granted autonomy. Legislative changes occur continually, and could affect the scope of ORM's responsibilities. Under the current contract there has been no change with sufficient impact on our program to require an adjustment. However, should it happen, we would expect the contractor to negotiate in good faith to adjust for any change in the services required.

8. Page 34, Section A-4.3. How many user ID will be needed for the ORM? Will there be any users at the state agency level, and if so, please estimate how many?

ORM currently has 67 user accounts for iCE; agency iCE and iCOW accounts total 921. ORM has 5 user accounts for iAuditExpert.

9. Page 38, Section A-6.25 – It is the State's intent that the Contractor should be responsible for penalties and fees assessed to the State to the extent those penalties and fees are caused by the acts, omissions or negligence of the State? This section currently contains a blanket requirement that Contractor shall be liable, whether or not caused by the State.

We do not think that the process of assessing fault for penalties is constructive or conducive to a good working relationship. Our time is better spent analyzing data to determine cause and working with the TPA to reduce penalties overall. However, our auditors will not approve our payment of penalties without an assessment of fault. We understand that state agencies can sometimes be at fault through failure to report timely, providing inaccurate information, etc. However, we hope this arrangement will provide incentive for the TPA to work with the agencies and ORM to minimize all incidents which can result in penalties. If so, we would all benefit – ORM, the TPA and the agency involved.

10. Page 48, Section A-20.16. Please confirm these types of expenses would be paid as an allocated loss expense.

See Addendum 1, question 6.

11. Page 52, Item A-23.29. Please provide a sample invoice that reflects your current approach to capturing premium data per agency, per line of coverage, with total premium computed.

A sample invoice has been posted on our web site.

12. Page 53, Item A-23.33. From what data source(s) would we be receiving historical data?

iCE and iAuditExpert.

13. Open Claims by Line of Coverage Exhibit. Please provide the following breakdown.

General Liability	Sorted by BI v. PD
Transportation	Sorted by BI v. PD
Workers Compensation	Sorted by Medical Only v. Indemnity
Property	Sorted by Business Interruption; marine; aviation and all others

Information on open claims has been posted on our web site.

14. Newly reported claims. Please provide summary loss information for the last five (5) years for all newly reported claims, for all lines, by experience period. We would prefer the report to be structured as follows.

Line of Coverage	Claim Type
General Liability	Bodily Injury
	Property Damage
Transportation	Bodily Injury
	Property Damage
Road Hazard	Bodily Injury
	Property Damage
Medical Malpractice	
Property	Fire and allied lines
	Business Interruption
	Wet Marine
	Aviation
Workers Compensation	Medical Only
	Indemnity

Information on claims incurred for the requested period has been posted on our web site.

15. Can we receive a copy the State of Louisiana Property Schedule or Statement of Value?

This has been posted on our web site.

16. Will the awarded appraisal company be able to set its own project timetables each year?

Yes.

17. Will the appraisal company be allowed to select the buildings and/or regions to be appraised each year?

We require that each building be appraised every four years. That requirement has been in place for some time, so when the new contractor assumes this responsibility, some buildings will be "due" an appraisal that year, and others will have just been completed. While we will work with the selected company to implement any schedule changes they would like to make for efficiency purposes, we cannot completely ignore the existing schedule.

18. Please provide your current staffing model for appraisal services.

Staffing information has been posted on our web site.

19. Is the existing staff cross trained for loss control & building appraisal services?

Yes.

20. What are the existing pay scales of the staff that we would need to hire?

ORM does not have access to that information.

21. Is the previous building appraisal data available for review?

Sample appraisal reports are on our web site.

22. Can the awarded appraisal company use its existing staff to appraise historical buildings?

The contractor can use any properly qualified appraiser.

23. Who handles property inspections after a loss?

FARA's property adjusters typically handle property inspections after a loss. Occasionally, due to the scope of damage, or the type or location of the building, they may choose to utilize an outside adjuster. ORM does not pay for outside adjusters except in catastrophe situations.

24. What data is required on changes to buildings and when are these appraisals required?

Agencies notify ORM when new buildings and significant changes to existing buildings are completed. Depending on the significance of the modifications, an appraisal may be scheduled at that time. Appraisals of new buildings are typically due within 30 days.

25. Is there an existing state system depository for the appraisal information? If not, can all of the loss control/appraisal data be stored on the vendor's risk control database?

See question #3. Other than the mandatory reporting of data to LaGov, the contractor will be free to use any system they choose to house appraisal data.

26. Please provide by line of coverage the current TPA staffing model serving ORM. Include any subrogation specialist (FTE if not dedicated) involved in this program.

Staffing information has been posted on our web site.

27. Please provide a copy of the independent audit conducted for the ORM program.

This is a new component of our program, which will be implemented simultaneously with the new contract for Claims and Loss Prevention services.

28. How are claims reported today by line of coverage?

Workers' Comp and GL incidents are reported online. Litigated claims are usually received as notice of a lawsuit. Medical Malpractice claims are usually received from the Medical Review Panel office. Road Hazard claims are initially reported to DOTD and forwarded to FARA. All forms for reporting claims can be viewed at <http://www.laorm.com/reporting.html>.

29. Please provide a 7 year history of subrogation recoveries, separated by second injury fund, and other recoveries.

This has been posted on our web site.

30. By coverage line, please provide the current caseloads

Staffing information and claims counts are available on our website.

31. Please provide the number of penalties and the total value of penalties that have been assessed against the program for the past five fiscal years as well as the fractional current fiscal year. What percent of number and dollar value of these penalties were paid by ORM?

This has been posted.

32. If a penalty and/or attorney fee is calculated based on erroneous payroll data supplied by the State, or by errors/omissions on the part of the State or its agencies will the State indemnify the TPA?

See question #9.

33. On a per year basis for the past three fiscal years plus the current fractional fiscal year, please provide the number of subrogation recoveries and the number of second injury recoveries as well as the amounts of the respective recoveries.

See question #29.

34. Please provide for the past three years a medical bill review history to include number of bills by provider type, provider charges by type, provider payment by type,

Reports have been posted for Fiscal years 12-13, 13-14 and 14-15 YTD. They are grouped under the heading FARA Master Summary Savings Analysis (Bill Review Results)

35. Please provide detail on your pharmacy program to include, # of scripts and costs both in and out of network, mail order volume (# and \$ of scripts).

We have posted reports on the website for calendar year 2013 and 2014 through November 30.

36. What is the annual number of assignments made for managed care services – i.e. TCM, UR, and FCM?

See question #2. Our records do not differentiate between telephonic and field case management.

37. What percentage does pharmacy expense represent of your total medical costs?

Information on Medical expenses by category has been added to our web site. Prescription information is included.

38. What is your closing ratio by line of business for the last 12 months?

Two documents have been added to our website. One report includes the claims that have been classified as RPOs (Reporting Purposes Only) and the other does not.

39. What are the York office locations throughout the State for serving the ORM programs?

Employees working directly on the ORM account work out of the office in Baton Rouge and a very small Workers' Comp office in Alexandria. Some Loss Prevention employees telecommute. Support services are provided from other locations.

40. For the past two fiscal years and the fractional present fiscal year, provide the number of property and liability claims that have been referred to an external claim adjusting company (excludes desk adjusters). Exclude catastrophic claims as referenced in Schedule F.

Fiscal Year 12-13

<i>Property</i>	<i>17</i>
<i>General Liability</i>	<i>0</i>

Fiscal Year 13-14

<i>Property</i>	<i>29</i>
<i>General Liability</i>	<i>3</i>

Fiscal Year 14-15 to date

<i>Property</i>	<i>21</i>
<i>General Liability</i>	<i>0</i>

Although these claims were referred to outside adjusters, the necessary services were NOT paid as an allocated expense.

41. Please provide a copy of the current TPA's claims procedure manual for the Louisiana program.

Those are posted on the website under Claims Procedures and are referred to as Client Instructions.

42. Please provide a current copy of the ORM's Procedure Manual for the State Agencies.

The Loss Prevention Program guides are posted on our website under Loss Prevention procedures. Agency instructions for claim reporting are available at <http://www.laorm.com/reporting.html>.

43. Property damage appraisals are listed as direct administrative expenses. To what level of claim must a situation arise that would allow the appraisal and related fees to be treated as an allocated file expense?

Proposers should assume that all routine property damage appraisals are part of the basic adjusting services which should be included in the Annual Service Fees. Damage appraisals for claims arising out of declared disasters and other approved

events are part of the Emergency Adjusting Fees. Exceptions to this would be very rare and should not be considered in pricing services.

44. Over the past three fiscal years and the current fractional fiscal year, how many claims fall outside of approval of ORM for allocated appraisal expense. What is the value of this expense for each fiscal year?

See question #43. None have been paid as an allocated expense.

45. What property platform does the current York claims staff use?

Your question is not entirely clear. However, if you are asking what software is used for damage appraisals, the answer is Xactimate.

46. A-1.2 Will the State allow Loss Prevention personnel domiciled around the state outside of the Baton Rouge area to work from home offices as teleworkers?

Yes.

47. A-20.1 After the RFP Walkthrough in response to a questions posed by one of the participants LA indicated there are about 10,000 buildings that need to be appraised every 4 years with an average of 2,500 appraisals per year. Will the state provide us with a current database of the property schedule and appraisal status and site visit plan? Is there a preferred schedule of site visits? If so, please provide as much details as possible

A report from LaGov has been posted – “Building Appraisal Report”

48. A-20.1 Part of the requirements for appraisals is to enter/update information and photos in the “State’s system”. Is that referring to the new RMIS system that will be part of this proposal or does it refer to a system the state is using now and expects the contractor to use? If it is an existing system will the contractor incur any fees or need special programs or license to access and/or use that system?

See question #3. FARA uses Marshall and Swift for appraisals, and the bulk of the data is stored there. The successful proposer will be expected to use this or a similar product at their expense.

49. A-20.4 What metrics are required to measure loss prevention work and activity? Is there a specific number of safety audits per month, quarter or year required or expected? Is there a specific turnaround time for reports required? Are there a particular number of self-audit reviews required per week, month, quarter or year?

After the contract is signed, ORM and the contractor will agree on a schedule of audits and appraisals. ORM will only require the completion of the agreed upon

work on an annual basis. There is no separate requirement related to self-audit reviews; they are completed as part of the audit process.

- 50.A-20.4 Is there a specific schedule for safety audits already in use? If so will you please provide that schedule and audit plan?

The Audit Grid Master link on the website provides that information. An "F" indicates a full audit, a "C" indicates a Compliance Review, and a "W" Indicates a walkthrough of a location that does not require a separate audit.

- 51.A-20.4 Please provide any historical data about loss prevention travel costs available. What were the travel expenses for Loss Prevention for the last three years? How many miles traveled? How many overnight hotel stays? Any expectations about future travel by loss prevention personnel?

ORM does not reimburse FARA for travel expenses related to Loss Prevention or any other activity. Therefore, we do not have access to this information.

- 52.A-20.13 How are heavy equipment inspection results by Travelers conveyed to the loss prevention staff? Does the State expect LP staff to make onsite visits for any "follow-up Inspections" or can the follow-up be done by phone/e-mail?

Travelers notifies ORM of any issues identified during boiler and machinery inspections. ORM coordinates with FARA to identify appropriate action, including requirements for follow-up.

- 53.A-20.14 Please explain any responsibility to track and/or coordinate elevator inspections by contractor LP staff or will ORM staff do all coordination related to elevator inspections?

Elevator inspections and damage appraisals arising from claims are the responsibility of the TPA. ORM staff will coordinate routine elevator inspections, including the final inspection of elevators being placed in service after repair of damages.

- 54.A-20.16 How many investigations have been handled by LP staff for each of the last three years? Do you expect the number of investigations to average about the same in future years?

See Question 6 in Addendum 3.

- 55.A-23.31 Will the State accept a standalone Loss Prevention Workflow Management and Tracking system for safety audits, inspections and training programs? Since the requested RMIS system is claims driven it would be more efficient to track loss prevention work, reports and activity in a system designed for that purpose. Access

to the system and all information would be available to ORM and designated personnel at all times. The system would track all information requested in A-23.31.

Yes.

56. A-23.32 Will the State accept a standalone appraisal and property schedule system provided by the contractor to track and provide reports about building appraisal activity? The standalone system and all data would be accessible to all State designated personnel at all times.

Yes.

57. The Louisiana Government Efficiencies Management Support Report completed recently included a recommendation to "Increase Workers' Compensation Loss Control and Safety Program Participation". Included in that recommendation is information about ORM's Targeted Risk Improvement Program (TRIP). There is no mention of TRIP in the RFP Loss Prevention Audits information. Please describe any specific activities or services that the LP contractor will be requested to do to support TRIP or associated efforts not explained in the RFP.

TRIP does not represent a significant change in our program. It is a method for targeting resources where they are most needed. FARA uses a cost-per man-hour formula to identify agencies with a worse than average experience in Workers' Comp. Those agencies receive the benefit of additional data analysis, consultation and advice to assist them in improving their loss experience.

58. Is CAT outside of the scope or included in the "Emergency Adjustments?"

Service fees for all property claims resulting from a declared disaster or other catastrophic event approved by the State Risk Director will be billed as Emergency Adjusting Fees.

59. Are CAT services included in this flat fee?

See question #58.

60. Appendix F Pages 74-76: "All fees are all-inclusive. No additional charges are allowed for photos, mileage, driving time, steep pitch or tall building access fees, etc. Fees will be based on the gross cost of repair or replacement of the covered, damaged property. No additional fees will be allowed for supplements or re-inspection, unless these yield additional covered damage. For flat rate fees, additional fees will be allowed if the revised gross cost of repairs or replacement moves the claim into a higher damage scale." Often in a program like this, you will have some locations affected and some that are not, as stated, one could go out inspect all of the covered locations and incur cost with no real significant damage. For example: You could end up inspecting 50 buildings totaling \$25,000 of damage

and only get paid a percentage of that. Can you provide some clarity in your expectations here and would the ORM be open to any alternative pricing/cost options?

First, the TPA does not inspect all covered locations, only damaged locations, as reported by agencies. Second, while it is reasonable to expect that some buildings might have minimal damage, it is also reasonable to expect that others would sustain moderate to heavy damage.

If you wish to propose an alternate method, you may do so as an “innovative concept.” However, your cost proposal will be evaluated based on the fee schedule specified in the RFP.

61. Is current medical malpractice staff eligible for hiring considerations by new TPA if they are found meet internal requirements?

Other than state ethics rules which limit the hiring of state employees by contractors, the state places no restrictions on who the TPA hires.

62. Is there any explanation as to the low volume of medical malpractice claims reported in 2014 compared to previous years?

Due to prescription periods and the nature of Medical Malpractice claims, they can be reported several years after they are incurred. We have posted a report using the date the claim is opened to provide additional information.

63. Roughly how many hours do you currently budget for the following loss prevention services:

- a. Audits
- b. Training
- c. Appraisals
- d. Investigations
- e. Analytics
- f. Ad hoc loss prevention services

ORM does not budget hours for loss prevention services or any of the services in this RFP. Questions 2, 3, and 4 in Addendum 1, Question 1, 4, and 6 in Addendum 3 should provide information to assist you in estimating the effort involved in these activities.

64. Are any of these services (#6 above) currently managed by a sub-contractor? If so, which services?

No.

65. Do you anticipate any significant changes in the allocation of loss prevention resources in the coming years?

No.

66. Must loss prevention resources be provided by safety professionals, ergonomists or other specialists who reside in Louisiana?

No. However, ORM will not reimburse for travel under this contract.

67. May training be provided via a WebEx format or must training be provided in person?

The current safety training program consists of a variety of formats including online, video, powerpoints, etc. Loss Prevention Program training is typically conducted in a classroom setting, but we are open to other options, provided they are effective.

68. Do any State of Louisiana departments track leading indicators such as near misses? If so, how is that information utilized?

Agencies keep records of near misses, but only accidents are reported to ORM.